



OFFICE OF THE FIRST SELECTMAN  
TOWN OF BROOKFIELD

**FOR IMMEDIATE RELEASE**

February 19, 2016

Contact: First Selectman's Office 203-775-7301

**RE: BROOKFIELD FUND BALANCE**

Upon taking office, I was informed that there was a concern with our general fund and that it was possible we did not actually have the fund balance that the town has been reporting. The total difference reported to me was approximately \$3.3 million. We began an intensive review into the possible causes of this fund balance difference and have found the following:

From the period that was reviewed, from approximately 2003 to 2012, there were a number of projects that town meetings had approved to be paid for by bonding once the projects were completed. It appears that this bonding did not actually take place or less was actually bonded than was approved. This accounts for approximately \$1.8 million of the total. Without a full investigative audit, we are unable at this time to determine what caused the remainder of this deficit.

After an intensive 8 week review of the available documentation with both our financial advisor and our bond counsel, bond counsel has agreed that it was, at that time, the town's intention to bond. Therefore, bond counsel has approved and agreed that we can bond \$1.8 million of the total \$3.3 million.

Reviewing this further, we have three options to correct this deficit. First, we can take the funds out of the general fund and report the fund balance correctly. Second, we could ask the town residents to approve a special assessment to be paid with next year's taxes. Third, we can bond the \$1.8 million and take the remainder from the general fund. In order to protect the town's credit rating and ability to finance in the future at favorable rates, our current plan is to go to the Boards of Selectmen and Finance, obtain their approvals, and then do the bonding that was intended originally. For the remaining balance, we will be reflecting this in our reporting of our actual fund balance.

I notified our auditors of this issue once it was confirmed to me by our research and we will be re-stating our year end 2015 financials. Our town remains well capitalized and we plan to continue to build our fund balance in the coming years to maintain a general fund balance that is appropriate to maintain our Triple A rating.

The town has taken further steps to prevent this type of issue in the future by hiring an outside consultant last year to review our internal controls and procedures. Once that report is finalized (we expect to receive it in the next two weeks), I expect there will be a number of recommendations to change and strengthen our internal control procedures and establishing new policies to prevent any issues of this type in the future. Additionally, in order to be more transparent to our town and providing residents with more tools to understand the town's budget and financials, the consultant is assisting us to move both the town and the school system to a common charter of accounts and at the same time, moving the school system to the same accounting system the town uses. This action will simplify our accounting, allow us to close our books and provide reporting to the town that is accurate and timely.